concerned. This requirement should include all moves, whether inside the building or to a different building, and regardless of reason, since the burden to the interconnector is basically the same under all circumstances. Six months' lead time is required for interconnectors to re-engineer and re-route customer traffic, and specific tariff language is needed to avoid misunderstandings and disputes.

LEC POSITIONS: REASONS FOR MOVES:

Most LECs mention the following conditions that would require that an interconnector's collocation arrangement be moved: emergency (act of God), a move required by a local public utility commission, a move "required" by the LEC's tariff, an eminent domain situation (new highway construction) and a reclamation of space in order to provide service to its end customers (new services, technological changes).* A number of LECs also claim that specific tariff language is not appropriate because all situations are impossible to foresee.**

TCG RESPONSE: REASONS FOR MOVES:

The major problem with the LEC provisions on moves is the potential for abuse: that established collocation arrangements will be uprooted for no good reason. The LEC tariffs offer only general conditions for relocations of customers, and there is disagreement among the LECs about what that means. For example, GTE says that "allowing interconnectors to occupy space today based upon the projections for only 5 years in the future may place an interconnector in space required for GTE growth at some future date".*** BellSouth, however, believes that "the survey performed to identify available interconnection space incorporated projections of future BellSouth service needs; thus, no movement of collocator equipment should be

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*. US West Direct Case, p. 118; Pacific Bell Direct Case, p.79; NYNEX Direct Case, Appendix J, p.1; Southwestern Bell Direct Case, p.42.

**. GTE Direct Case, p.47; Southwestern Bell Direct Case, p.42; Pacific Bell Direct Case, p.79.

***. GTE Direct Case, page 47.

necessary to accommodate BellSouth growth."* BellSouth's position is reasonable; GTE's position raises the obvious possibility that it will use this provision as a loophole to disrupt interconnector operations. Even the provision requiring relocations to respond to state commission actions is not without complexity. A state commission should have no unilateral right to disrupt a federally mandated collocation arrangement.

The basic protection that is needed for these provisions is a narrowly stated set of conditions for relocation, and a provision allowing disputed relocations to be referred to the FCC (perhaps under expedited Section 208 processes) for resolution, with no change in the collocation arrangement until the FCC acts on the complaint. A basic standard should require a showing that relocation of the collocator is the least intrusive way to resolve the LEC's alleged space problem. Finally, LECs should be obligated to conduct relocations in such a way that interconnector customers experience no disruption in service.

LEC POSITIONS: RELOCATION COSTS:

Most of the LECs appear to agree that they should bear the financial burden for relocation. Most agree to pay the costs of moving the interconnector and reconstructing its space, although some do not appear to agree to reimburse the interconnector for its own costs that are caused by the relocation.** None of the LECs, however, agree to

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*. BellSouth Direct Case, Exhibit 6, page 10.

**. Pacific states that it will reimburse interconnectors for all reasonable costs. US West will assume the reasonable costs associated with moving the interconnector to another leased space in a different property, including the interconnector's reasonable direct costs and expenses. BellSouth states that it will pay the costs of relocation, although it is not clear if it will reimburse the interconnector for its costs. GTE will cover direct costs associated with removal, transport, and reinstallation of the customer's equipment, and reasonable direct costs and expenses in connection with reclamation. Like BellSouth, it is unclear if GTE will reimburse the interconnector for its costs. Ameritech will pay the reasonable costs of moving and reconstruction. Southwestern Bell will prepare new space at no charge to the

eliminate excessive mileage charges that result from a LEC-originated move of a collocation space.* Additionally, the LECs do not appear to address the situation where an interconnector is forced to vacate one central office and does not need to construct another collocation arrangement -- if for example the interconnector already has an interconnection arrangement at the new central office it would ordinarily need to move to as a result of the relocation.**

TCG RESPONSE: RELOCATION COSTS:

Requiring the LECs to cover the costs of relocation yields a fair result, and creates a market incentive which will discourage the LEC from using relocation as a tool to inhibit competitors.

While most of the LECs appear to embrace the basic principle, their answers are confusing and ambiguous. Some appear willing to reimburse the interconnector for the costs it experiences in having to deal with the relocation, but others do not state as much, or leave the question unanswered. All should be required to reimburse the interconnector for its reasonable costs associated with the relocation.*** Some LECs appear to distinguish between

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interconnector. It is unclear if Ameritech and Southwestern Bell will reimburse the interconnector for its direct costs.

*. For example, where an interconnector is forced to move to a different central office, the interconnector should be charged channel mileage on services as if it is located at the original central office.

**. In that event, the interconnector should receive a refund of any nonrecurring charges paid for the interconnection arrangement. The LEC should also relocate services to the other interconnection arrangement without charge -- something that some of the LEC tariffs may do already.

***. These relocation costs should include, but not be limited to, all nonrecurring costs associated with a new collocation facility, all reconfiguration and installation charges associated with the move (including special or temporary facilities associated with insuring continuous

different types of relocations in deciding whether to cover the expenses associated with the move. Other than the case of an authorized interconnector eviction, all relocations should be at the LEC's expense, since all such relocations can be presumed to benefit the LEC to some degree.

It is particularly important that the LECs be required to insert provisions guaranteeing continuous service to interconnector customers in the event of a move. The seamless continuation of service is of critical importance to interconnector customers. Relocations could result in serious service disruptions if proper precautions are not taken, and LECs should be required to take such precautions.

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service at the time of the move), and the interconnector's own personnel and equipment costs in removing and reinstalling its equipment, and in re-engineering and re-installing its services.

8. ARE THE LECS' INSURANCE PROVISIONS REASONABLE?

LEC POSITIONS: GENERAL LIABILITY INSURANCE:

The LECs continue to defend their excessive and unnecessary insurance requirements, but offer no new information or support beyond the arguments they have already placed on the record.*

Pacific rationalizes its coverage level of $5M in general liability insurance by claiming that "the premium for $5M of liability insurance is only approximately 20% greater than the cost for $1M of such insurance".** While excessive costs may be of no consequence to a rate-based monopoly like Pacific Bell, such a cavalier attitude about increasing its competitors' costs is totally unacceptable.

BellSouth requires $25M in general liability coverage, one of the highest amounts proposed.*** Southwestern Bell and US West, by contrast, require only $1M.**** BellSouth identifies no local characteristics to explain this large discrepancy.

Ameritech defends its $10M general liability requirement on the basis of its central office fire in Hinsdale, Illinois.***** While Ameritech's Hinsdale experience is certainly regrettable, the fact that Ameritech experienced this situation provides absolutely no basis to assume that TCG's 10x10 foot collocation arrangement will be responsible for a similar catastrophe. NYNEX points to its

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*. Ameritech Direct Case, pp. 30-31; Bell Atlantic Direct Case, p.57 & Exhibit 15; BellSouth Direct Case, Exhibit 6, pp.11-13; GTE Direct Case, pp.49-54; NYNEX Direct Case, pp.79-80 & Appendix K; Pacific Bell Direct Case, pp.79-83; Southwestern Bell Direct Case, pp.43-44; US West pp.120-128.

**. Pacific Bell Direct Case, page 80.

***. BellSouth Direct Case, Exhibit 6, p.11.

****. Southwestern Bell Direct Case, p. 43; US West Direct Case, p.121.

*****. Ameritech Direct Case, p.31.

fire at the Bushwick Avenue central office as justification for their level of required insurance coverage.

TCG RESPONSE: GENERAL LIABILITY INSURANCE:

What none of the LECs have succeeded in doing in their direct cases, or in their tariff filings, is to establish a reasonable nexus between the amount of insurance required and the degree of risk that a collocation arrangement adds to a central office. These collocation arrangements consist of a modest 10x10 foot enclosure, subject to varying degrees of inspection, and permitted to contain only limited types of equipment. The electrical requirements for this equipment are modest, representing perhaps 15 amps of 48 volt DC power. Moreover, the interconnector will have a substantial self interest in monitoring its collocation equipment to detect any abnormal conditions. None of the LECs have drawn a reasonable connection between the degree of risk posed by interconnection arrangements and the amount of insurance they require. In essence, a collocation arrangement adds no additional equipment, or risk, to the central office than the addition of a few racks of multiplexing equipment. No LEC could seriously contend that it must increase its insurance requirements by $1M (or $25M) every time it adds a few multiplexers.

LEC POSITIONS: SELF INSURANCE:

Ameritech, Bell Atlantic, BellSouth and Southwestern state that they will allow an interconnector to self-insure.*

Pacific, GTE, NYNEX and US West prohibit self-insurance in all or virtually all cases.** The major defense offered for this requirement is that allowing self-insurance may provide some interconnectors with a competitive advantage over other interconnectors who may not be financially able to self-insure.

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*. Ameritech Tariff Section 16.7.8; BellSouth Direct Case, Exhibit 6, p.12; Bell Atlantic Direct Case, p.57; Southwestern Bell Direct Case, p.43.

**. GTE Direct Case, p.50, NYNEX Direct Case, Appendix K; Pacific Bell Direct Case, p.81; US West Direct Case, p.126.

TCG RESPONSE: SELF INSURANCE:

This defense is extraordinary. The LECs have no role in handicapping the competitive marketplace, to favor some interconnectors over others. The real race is not between one interconnector and another -- it is between the interconnector industry and the LECs. Refusing to allow self insurance simply handicaps the interconnector industry in competing with the LEC, while providing no public interest benefit.

Pacific Bell, GTE and NYNEX point out that allowing self-insurance means that they may have to review financial data on the interconnector, who may not want to provide it to a competitor.* Even assuming that is the case -- TCG suspects that far less intrusive methods would satisfy any legitimate needs of the LEC for assurance about the financial capability of the interconnector -- that choice should be left to the interconnector. Accordingly, the Commission should require that all carriers allow self-insurance, subject to reasonable limits.

LEC POSITIONS: RESTRICTIONS ON INSURERS:

Several LECs continue to defend their requirement that interconnectors only be permitted to deal with certain selected insurers.** The LECs offer no defense of these requirements other than to say that it is "reasonable" to dictate which insurers an interconnector can deal with.*** The LECs themselves do not even agree on what is a reasonable definition of an acceptable insurer: a rating of B+VI is sufficient for BellSouth, while a rating of A+VII is required for Southwestern Bell.****

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*. Pacific Bell Direct Case, p.81; GTE Direct Case, p.52; NYNEX Direct Case, Appendix K.

**. Pacific Bell Direct Case, p.82; NYNEX Direct Case, Appendix K; Bell Atlantic Direct Case, Exhibit 15; Southwestern Bell Direct Case, p.44; BellSouth Direct Case, Exhibit 6, p.13; US West Direct Case, p.127.

***. Ibid.

****. BellSouth Direct Case, Exhibit 6, p.13; Southwestern Bell Direct Case, p.44.

TCG RESPONSE: RESTRICTIONS ON INSURERS:

Like the LECs, interconnectors have a vested interest in obtaining insurance from a reputable insurer with an ability to pay claims. Selection of an insurance company is a business decision that should be left to the interconnector. The FCC should, therefore, require LECs with requirements on insurance companies to omit this item from their tariffs.

LEC POSITIONS: EFFECTIVE DATE FOR INSURANCE:

Pacific Bell requires insurance to be in effect during the customer's term of service and will accept a copy of the interconnector's insurance policy as proof.* GTE requires insurance to be in effect on or before the customer occupies the partitioned space.** The customer must submit certificates of insurance and copies of policies reflecting coverage. Ameritech requires a copy of the certificate of insurance at the start of service and annually thereafter.*** NYNEX requires an interconnector's insurance to be effective prior to the occupancy date.**** Southwestern Bell requires proof that an interconnector obtained insurance.***** BellSouth requires insurance coverage to be in effect before the date of occupancy.****** Collocators must submit certificates of insurance to BellSouth in advance of interconnection site preparation and within thirty days of policy renewal. US West requires certificates of insurance prior to gaining access to their premises.******* Bell Atlantic didn't comment.

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*. Pacific Bell Direct Case, pp. 82-83.

**. GTE Direct Case, p.54.

***. Ameritech Direct Case, p. 31.

****. NYNEX Direct Case, Appendix K, p.3.

*****. Southwestern Bell Direct Case, p.44.

******. BellSouth Direct Case, Exhibit 6, p.13.

*******. US West Direct Case, pp.128-129.

TCG COMMENT: EFFECTIVE DATE FOR INSURANCE:

TCG suggests that insurance (or self insurance) should not be required to take effect prior to the time an interconnector occupies the space. Interconnectors should be required to provide proof of insurance (certificate of insurance), as that is customary in industry in general. Interconnectors should not be required to provide a copy of the policy itself, as that will require needless exchanges of paper and could disclose confidential information about the collocator's business. (For example, a collocator could have a single policy covering multiple locations and its own facilities, and the insurance policy could reveal confidential information.)

9. ARE THE LECS' LIABILITY PROVISIONS REASONABLE?

LEC POSITIONS:

Ameritech states that its tariff does not limit liability for willful misconduct and that claims related to service are limited to the proportionate charge for the period of service.* Interconnectors are required to indemnify Ameritech from claims arising from the customer's use of space. Bell Atlantic does not explain its policies. BellSouth explains that its tariff imposes liability on the LEC for negligence or willful misconduct and that the interconnector is likewise liable.** BellSouth adds that the tariff requires the collocator to indemnify BellSouth against claims or damages arising from the interconnector's occupancy of central office space and not attributable to LEC negligence or misconduct.

NYNEX also requires the interconnector to indemnify the LEC against all claims and liabilities arising out of the operation of its facilities in the central office.*** GTE explains that its tariffs only permit the interconnector to make a claim where GTE is guilty of willful misconduct or intentional harm, but that it requires the interconnector to indemnify GTE for a wide variety of actions.**** Pacific Bell explains that its tariff holds the LEC liable for any physical damage that was directly and primarily caused by the negligence of company agents or employees and any interruption of service caused by the LEC's willful misconduct.***** Southwestern Bell simply references its tariff, but makes no effort to defend it. US West summarizes its tariff by saying that "simply put, for most

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*. Ameritech Direct Case, p. 32.

**. BellSouth Direct Case, Exhibit 6, p.14.

***. NYNEX Direct Case, Appendix L, p.1.

****. GTE Direct Case, page 56. GTE requires the customer to indemnify, defend and hold harmless for claims from third parties for loss or damage, liable, slander, invasions of privacy, acts or omissions, infringement of copyright, or patent infringement.

*****. Pacific Bell Direct Case, p.83.

actions both parties are responsible for their own actions."*

The Commission separately asked Bell Atlantic to defend Sections 19.3.7(B) and (E) of its tariff, which holds interconnectors liable for "at least 3 years" after the collocation arrangement is terminated (or modified). Bell Atlantic offers no explanation other than to claim that this provision is "reasonable" to guard against later-discovered problems.**

TCG RESPONSE:

The LECs have simply restated their position that their one-sided tariff liability requirements are reasonable and have said nothing new to justify them.

The LEC's only real rationale is to claim that such liability provisions are comparable to a traditional landlord-tenant relationship.*** The problems with the LEC's reliance on landlord-tenant principles are twofold. First, a landlord does not possess a monopoly on space, and thus unreasonable demands will simply prompt the potential tenant to look elsewhere.**** Second, landlords are not

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*. US West Direct Case, page 131.

**. Bell Atlantic Direct Case, p.58.

***. For example, Ameritech and GTE contend that landlord-tenant type rules are needed because interconnector personnel are not under the LEC's supervision. This makes no sense. Landlords do not supervise their tenant's employees as a general matter, and a competitor should certainly not expect to supervise its competitor's employees.

****. It would indeed be interesting to see if the LECs would find success as landlords under their collocation standards. One suspects that a landlord who charges exorbitant rents, conducts unannounced and unwarranted inspections, and applies unreasonable eviction terms, to give but a few examples, would be unlikely to attract many tenants. It is only its position as a monopoly that allows the LECs to pursue such policies, and it is precisely for that reason that the FCC must ensure that the LEC's policies are fair and equitable.

in direct, sustained and vigorous competition with their customers, nor do they start from a position of 100% market share in that competitive relationship.

These unique and unequal aspects of the LEC-interconnector relationship require that the FCC ensure that liability provisions are applied equally. The fact that LECs and interconnectors are together providing a service to end users is the very reason for equal liability principles, and the Commission should require this of the LECs.

With respect to Bell Atlantic, it has failed to even answer the Commission's question. Bell Atlantic identifies nothing that it expects to find three years after termination that would not be clear on the day the interconnector leaves. Bell Atlantic does not even attempt to defend its choice of "at least 3 years" -- rather than three months or three days. Given that the LECs insist on various inspection rights, and the type of equipment permitted in the collocation areas is strictly limited, and the type of services to be provided similarly limited, there is no apparent basis for Bell Atlantic's open-ended and after the fact claim against interconnectors. Because Bell Atlantic has not justified these provisions, they should be deleted from the tariffs.

10. ARE THE LECS' PROVISIONS REGARDING WHETHER TO BILL FROM THEIR STATE OR INTERSTATE EXPANDED INTERCONNECTION TARIFFS REASONABLE?

LEC POSITIONS:

Ameritech, Bell Atlantic, BellSouth, GTE, Pacific Bell, Southwestern Bell, and US West all agree that the ten percent rule should be applied to expanded interconnection services, including both cross connections and other rate elements.* US West in fact states that "We seriously doubt that anyone will be able to argue to the contrary."**

Notwithstanding US West's view, NYNEX argues that the ten percent rule should not be applied to expanded interconnection rate elements.*** Instead, NYNEX's tariff contains language which requires the interconnector to supply jurisdictional ratios at the initiation of service and at regular intervals thereafter. NYNEX requires that its special access interconnection service be pro-rated based on these ratios.

TCG RESPONSE:

Virtually all the LECs correctly recognize that the collocation arrangement should be viewed as subject to the FCC's jurisdiction if more than 10% of the traffic is interstate in nature -- which is almost certain to be the case. NYNEX's attempt to allocate all rate elements based on per cent interstate use factors should be rejected. It adds additional complication, will create confusion in billing, and accomplishes nothing. Even assuming that NYNEX's attempted jurisdictional precision were possible -- which it probably is not -- the amount of revenues and costs which would be shifted to the intrastate jurisdiction would simply not be large enough to be worth the trouble. Moreover, the very complexity of the NYNEX approach might

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*. Ameritech Direct Case, p.32; US West Direct Case, p.137; Bell Atlantic Direct Case, p. 59; GTE Direct Case, p.58; Southwestern Bell Direct Case, p.45; BellSouth Direct Case, Exhibit 6, p.15; Pacific Bell Direct Case, p. 85.

**. US West Direct Case, page 137.

***. NYNEX Direct Case, Appendix M, p.1.

well create an incentive for parties to report everything as interstate just to avoid the problems of the NYNEX approach.

NYNEX should, therefore, be required to change its tariff to follow the rules which the rest of the industry has accepted: treating the entire expanded interconnection arrangement as interstate if more than 10% of the interconnections are interstate.*

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*. This is not to say that NYNEX (and other LECs) could not charge different cross connection charges for different jurisdictions. Since an individual cross connection might have less than 10% interstate calling, it is feasible to assign it to the intrastate jurisdiction. It makes no sense, however, to carry that assignment back into the collocation arrangement itself and engage in detailed cost allocation of the rates for floor space, power, and the like. When expanded interconnection for switched local transport becomes available, further review of the proper jurisdictional assignment of the private line-type local transport facilities will be required. For example, unless the interconnector is the customer of record for the switched access service and knows the jurisdiction of the traffic on the local transport facility, the interconnector will have no basis on which to judge the jurisdiction of a particular switched local transport service.

11. ARE THE LEC'S PROVISIONS REGARDING LETTERS OF AGENCY REASONABLE?

LEC POSITIONS:

With the exception of US West, the remaining LECs* stated that they would offer Letters of Agency. In most cases, the LECs said this would be handled and billed in the same manner as special access arrangements are currently treated.** Pacific Bell now states that it will allow expanded interconnection to be ordered through letters of agency.*** US West will not allow Letters of Agency because it claims that interconnection is a "commission mandated bundled service" that can only be billed to the customer of record - the interconnector****. BellSouth indicates that it will not offer "split billing" as it will generate "significant problems in service outages and processing service adjustments".***** GTE states it is not necessary to address this issue in the tariff because "as long as the party requesting the access service will pay the bill for the service, an LOA is not needed" and in regards to the cross connect, "it is reasonable for any service offered in the tariff to be ordered by the customer who wishes to pay the bill."******

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*. Ameritech, Bell Atlantic, BellSouth, GTE, NYNEX, Pacific Bell and Southwestern Bell.

**. Specifically, Southwestern Bell, NYNEX, GTE, Bell Atlantic and Ameritech all reference special access arrangements in their direct cases.

***. Pacific Bell Direct Case, p. 85.

****. US West Direct Case, p. 139. US West contends that the cross connect and leased physical space are a combined item that can only be purchased by an interconnector, not an end customer. A customer not occupying the central office is receiving some sort of derivative service and should therefore be billed under deregulated, third party terms.

*****. BellSouth Direct Case, Exhibit 6, p. 16.

******. GTE Direct Case, p. 59.

TCG RESPONSE:

Successful LOA arrangements are currently in effect with both NYNEX and Ameritech at the state interconnection level.* This is only reinforced by the lack of objections offered by the LECs. US West's argument referring to the cross connect as part of a bundled interconnection service is invalid. The comments of the other LECs, in particular GTE, resoundingly contradict US West's argument. The cross connect is an extension of the special access service being ordered by the end user and should be treated as such. TCG's customers demand this type of arrangement and it is imperative for all interconnectors to meet these demands to remain competitive. To ensure that this capability is provided, TCG recommends that specific language be included in each LEC tariff mandating that they accept letters of agency.

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*. NYNEX Direct Case, Appendix N. NYNEX states that it will accept LOAs and bill appropriate charges to third parties if an interconnector so requests.

12. ARE THE LECS' PROVISIONS REGARDING INSPECTIONS OF INTERCONNECTOR SPACE AND FACILITIES REASONABLE?

LEC POSITIONS:

All LECs contend that their inspection requirements are reasonable.* In general, the LECs identified three instances in which inspections would be performed**:

1. After the installation of new equipment to determine its compliance with tariff;

2. Periodic and subsequent inspections for compliance checks in regard to such matters as OSHA, fire regulations and insurance; and

3. Emergencies which endanger LEC personnel or equipment.

In general, the LECs stated that they will not require an interconnector to pay for the initial LEC-required inspection.*** For example, Bell Atlantic states that costs associated with the initial inspection are recovered through the space preparation charges and costs associated with the subsequent periodic inspections are recovered through the occupancy fees.****

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*. Ameritech, Bell Atlantic, BellSouth, GTE, NYNEX, Pacific Bell, SouthWestern Bell & U S West.

**. Pacific Bell Direct Case, pp.86-87, GTE Direct Case, p.60.

***. NYNEX, however, states that the interconnector will be charged if the inspection reveals that the customer is found to be in non-compliance with the terms and conditions of the tariff. Section 16.1.2.A.16 of Ameritech's tariff also states that an interconnector will be charged for the expense of the inspection if they are found to be in non-compliance with tariff issues.

****. Bell Atlantic's tariff, however, may not be consistent with its Direct Case. Section 19.3.2(E) of Bell Atlantic's tariff says that the "Telephone company has the right to inspect, at Physical Collocator's expense,"... and "Such further inspections will be at the expense of Physical Collocator if found not to be in compliance with the terms and conditions of this tariff." This should be removed from

Several LECs -- Ameritech, GTE, and Pacific Bell -- agree to provide advance notification of inspections, except in case of emergency.* BellSouth -- apparently believing that the collocation space is a Marine base and interconnectors are its recruits -- contends that "its right to conduct inspections without prior announcement is essential to Bellsouth's ability to enforce the tariff and insure compliance with local regulations."** Although the tariffs of Southwestern Bell, NYNEX and Bell Atlantic also permit unplanned inspections, they make no attempt to defend this policy. Ameritech, Bell Atlantic, BellSouth and US West appear to agree that an interconnector has a right to be present at an inspection,*** while GTE, NYNEX, Pacific Bell and Southwestern Bell do not address this issue.

TCG RESPONSE:

TCG has no major objection to a reasonable LEC inspection at the time of initial turn-over of the collocation space, provided that it has notice of the inspection and an opportunity to be present. TCG is primarily concerned about the LEC provisions for subsequent inspections, and their position that interconnectors should be required to pay for such inspections if "any" tariff violation is found.

The LECs offer no credible reason for their desire to have unfettered discretion in conducting such inspections, and imposing these costs.**** Pacific Bell merely

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Bell Atlantic's tariff as applied to initial inspections, if, as Bell Atlantic contends, these costs are recovered elsewhere.

*. Direct Cases: Ameritech, p.33; GTE, p.60; Pacific Bell, p.86.

**. BellSouth Direct Case, Exhibit 6, p.16.

***. Ameritech Tariff, Section 16.1.2.A.16; Bell Atlantic Direct Case, p.61; BellSouth Direct Case, Exhibit 6, p.17; US West Tariff, Section 21.4.1.5.

****. For example, travel to and from a LEC Central office to attend an inspection takes valuable interconnector time that can be better spent providing service to customers. Unlimited (and unnecessary) inspections with no

alleges its right to conduct "routine inspections"-- without defining what is routine or what the inspection is looking for. GTE's "company initiated quality audit checks" sound like a license to harass interconnectors in the vague name of "quality." GTE does not define whose quality is to be measured and by what standard, what is to be audited, and the like. No LEC has explained what it expects to find that is not obviously visible in an open air cage in the middle of its central office. Nor have the LECs justified that it is reasonable to impose the costs of these inspections on interconnectors, who will themselves be incurring the costs of meeting their own internal quality standards.

In order to reduce the potential for abuse and disputes, it is essential that the Commission institute some reasonable boundaries on these LEC inspections. For non-emergency inspections, LECs should not be allowed to inspect the collocation arrangement more than once in each twelve month period, should be required to provide notice of the inspection at least two weeks in advance, and must allow the interconnector to be present. The LECs should only be allowed to charge for the inspection if it finds that the interconnector is in non-compliance and the nature of the non-compliance imposes an immediate and significant threat of harm to the LECs' network. Anything less would open non-compliance violations and subsequent fines to the discretion of the LECs, who would have a natural business incentive to find something -- anything -- wrong in order to increase the interconnector's costs.*

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standard time interval for notification will certainly place an additional cost burden on interconnectors.

*. TCG does not object to legitimate outside inspection requirements (e.g. OSHA, fire marshal, insurance companies) as long as sufficient notification is given and the number of these inspections remains within the pre-existing framework. For instance, the number of insurance company inspections conducted per year at a US West central office should not increase because of interconnection.

13. SHOULD LECS BE PERMITTED TO INCLUDE PROVISIONS REGARDING THE PAYMENT OF TAXES AND SIMILAR ASSESSMENTS BY INTERCONNECTORS?

LEC POSITIONS:

US West's tariff contains a provision requiring that interconnectors pay all applicable taxes.* US West states that it is agreeable to removing its tax provision and amending their material breach provision to include any lien.** US West explains that its tax provision is intended to act in a "prophylactic" capacity by protecting US West from being encumbered with the rights of third parties who are strangers to the fundamental EIC service.*** While US West is willing to drop its tax provision, Pacific Bell's tariff currently contains no provision regarding taxes but it says it would like to add one.****

TCG RESPONSE:

Both Pacific Bell's and US West's tax provisions are unnecessary and should be removed. Federal and state statutes contain ample enforcement mechanisms for the collection of taxes and these taxing authorities hardly need the LEC's help. Moreover, no party has shown how the existence of a tax dispute between an interconnector and a taxing authority could have a material adverse impact the LEC's business.

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*. US West tariff section 2.3.1(D) states EIC customers must pay, before delinquency, all taxes and other charges assessed on the interconnector's operations and equipment located at the leased physical site.

**. US West Direct Case, p. 145.

***. US West Direct Case, p. 145.

****. Pacific Bell Direct Case, p. 87. Pacific Bell intends its tax provision to protect it from imposed tax liability by a taxing authority on Pacific Bell as a result of the installation and operation of EIS customers' facilities and equipment.

CERTIFICATE OF SERVICE

I, Patricia B. Aunon, hereby certify that on September 20, 1993, a copy of the foregoing Comments on Direct Cases was served by first class U.S. mail, postage prepaid, to:

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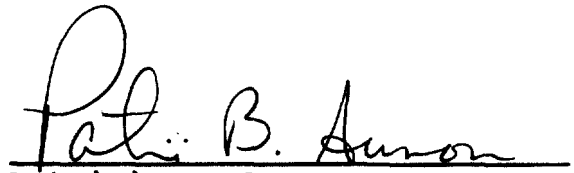

Patricia B. Aunon

*Hand Delivered